GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:7576
ANSWERED ON:16.05.2002
LEGISLATION ON BUY INDIAN ACT
SUBODH MOHITE

Will the Minister of STEEL be pleased to state:

(a) whether the Government proposes to enact legislation `Buy Indian Act` in which provides for preferential purchase of steel from Indian manufacturers only, for all the Government funded projects with in the country;

(b) if so, the details thereof;

(c) whether such acts are enacted in other countries;

(d) if so, the details thereof; and

(e) the steps mooted to overcome the recession in Steel Industry?

Answer

MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a)&(b): Ministry of Steel had proposed enactment of a legislation - `Buy India Act` with the objective to encourage growth and development of indigenous industry by giving preference to indigenous steel producers in Government procurement. The Act would apply to all projects, industrial or business enterprises set up or to be setup with the grant and aid of public money. Ministries of Commerce & Industry, Finance and DGFT are being consulted on the draft legislation.

(c)&(d): Yes, Sir. United States of America has such a legislation known as the Buy American Act. The Buy American Act applies only to government procurement and contains two major sections, one of which governs contracts for supplies and the other which governs construction contracts. The first section requires federal agencies to buy only domestic `articles, materials, and supplies` when they are acquired for public use unless the cost is unreasonable or the purchase is `inconsistent with the public interest.` The second section requires that all government contracts for `construction, alteration, or repair of any public building or public work in the United States` contain a provision mandating the use of domestic products by the contractor, subcontractor, material man, or supplier, unless the head of the agency determines an exception is necessary.

(e) Steps taken by Government to raise consumption level of steel in the country, include
(i) constitution of a National Campaign Committee to promote steel consumption through development of markets especially in the rural areas,
(ii) encouraging usage of steel in new application areas such as grain storage systems, crash barriers in highways and expressways,
(iii) providing financial support to R&D ventures in iron and steel sector to reduce production cost; and,
(iv) organizing seminars for dissemination of knowledge on the use of steel.